

**SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED**  
**(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)**

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020**

## **AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To The Shareholders and Board of Directors of  
Shrinkflex Thailand Public Company Limited  
(Formerly, Shrinkflex Thailand Company Limited)

I have reviewed the accompanying statement of financial position of Shrinkflex Thailand Public Company Limited as at September 30, 2020 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2020, changes in shareholders' equity and cash flows for the nine-month period then ended and the condensed notes to the financial statement. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### **SCOPE OF REVIEW**

I conducted my review in accordance with auditing standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **CONCLUSION**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

(Mr. Thanawut Piboonsawat)  
Certified Public Accountant  
Registration No. 6699

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
November 13, 2020

"UNAUDITED"

"REVIEWED"

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SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

ASSETS

		Thousand Baht	
		As at September	As at December
		30, 2020	31, 2019
			(Reclassified)
	Note		(Note 25)
Current assets			
Cash and cash equivalents		6,443	4,900
Trade and other current receivables	6	129,732	101,206
Derivative assets	4	853	-
Inventories	7	115,470	124,159
Current tax assets		71	71
Other current assets		544	426
Total current assets		253,113	230,762
Non-current assets			
Fixed deposit used for pledge	8	3,023	3,007
Other long-term investment	9	-	1,200
Property, plant and equipment	10	226,790	172,553
Right-of-use assets	11	75,600	-
Intangible assets	12	4,950	4,947
Deferred tax assets		2,278	3,186
Deferred mold	13	6,099	9,462
Non-current non-cash financial asset pledged			
as collateral	9	1,200	-
Other non-current assets		423	174
Total non-current assets		320,363	194,529
TOTAL ASSETS		573,476	425,291

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		Thousand Baht	
		As at September	As at December
		30, 2020	31, 2019
			(Reclassified)
	Note		(Note 25)
Current liabilities			
Short-term loans from financial institutions	14	72,399	41,043
Trade and other current payables	5.3, 15	98,210	77,911
Current portion of long-terms loans from financial institution	16	32,911	18,096
Current portion of lease liabilities	5.3, 17	11,904	3,791
Corporate income tax payable		3,090	-
Total current liabilities		218,514	140,841
Non-current liabilities			
Long-term loans from financial institution	16	93,012	48,030
Lease liabilities	5.3, 17	59,806	4,298
Non-current provisions for employee benefit		4,733	4,053
Total non-current liabilities		157,551	56,381
TOTAL LIABILITIES		376,065	197,222

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Thousand Baht	
		As at September	As at December
		30, 2020	31, 2019
			(Reclassified)
			(Note 25)
	Note		
Shareholders' equity			
Share capital	18		
Authorized share capital			
440,000,000 ordinary shares, Baht 0.50 each		220,000	
10,000,000 ordinary shares, Baht 10.00 each			100,000
Issued and paid-up share capital			
320,000,000 ordinary shares, Baht 0.50 each		160,000	
10,000,000 ordinary shares, Baht 10.00 each			100,000
Retained earnings	19		
Appropriated			
Legal reserve	19	12,663	4,926
Unappropriated		24,748	123,143
TOTAL SHAREHOLDERS' EQUITY		197,411	228,069
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		573,476	425,291

Notes to the interim financial statements form an integral part of these interim financial statements.

" REVIEWED "

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020

Notes to the interim financial statements form an integral part of these interim financial statements.

" UNAUDITED "

" REVIEWED "

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

		Thousand Baht		
	Note	Issued and paid-up shares capital	Retained earnings	
			Appropriated Legal reserve	Unappropriated
				Total shareholders' equity
Beginning balance as at January 1, 2019		55,000	-	166,824
Increase in share capital		45,000	-	-
Legal reserve		-	4,337	(4,337)
Dividend paid		-	-	(82,400)
Total comprehensive income for the period				
Profit for the period		-	-	46,415
Ending balance as at September 30, 2019		100,000	4,337	126,502
Beginning balance as at January 1, 2020		100,000	4,926	123,143
The effect of change in accounting policies	4	-	-	(257)
Beginning balance as at January 1, 2020 - as restated		100,000	4,926	122,886
Increase in share capital	18	60,000	-	-
Legal reserve	19	-	7,737	(7,737)
Dividend paid	19	-	-	(147,000)
Total comprehensive income for the period				
Profit for the period		-	-	56,599
Ending balance as at September 30, 2020		160,000	12,663	24,748

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

	Thousand Baht	
	2020	2019
		(Reclassified)
		(Note 25)
Cash flows from operating activities		
Profit for the period	56,599	46,415
Reconciliations of profit for the period to cash provided by (used in) operating activities:		
Depreciation and amortization	33,833	24,402
Bad debt and doubtful debts	231	1,333
Loss on declining in value of inventories (reversal)	(2,771)	5,061
(Gain) loss on disposal of equipment	11	83
(Gain) loss on disposal of intangible assets	-	166
Unrealized (gain) loss on exchange rate	(264)	512
Employee benefit expense	679	351
Interest income	(45)	(58)
Interest expense	7,443	4,576
Income tax expense	14,130	11,638
Profit provided by operating activities before changes in operating assets and liabilities	109,846	94,479
(Increase) decrease in operating assets		
Trade and other current receivable	(29,113)	(16,047)
Inventories	11,460	(21,806)
Other current assets	(118)	(61)
Deferred mold	3,363	(3,965)
Other non-current assets	(202)	120
Increase (decrease) in operating liabilities		
Trade and other current payable	2,363	16,448
Cash received from operations	97,599	69,168
Income tax expense paid	(10,115)	(11,726)
Net cash provided by operating activities	87,484	57,442

Notes to the interim financial statements form an integral part of these interim financial statements.



SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)  
STATEMENTS OF CASH FLOWS (CONT.)  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

	Thousand Baht	
	2020	2019
		(Reclassified)
		(Note 25)
Cash flows from investing activities		
(Increase) decrease in fixed deposit used for pledge	(16)	78
Cash payments for purchase of property, plant and equipment	(94,457)	(55,407)
Cash receipts from disposal of equipment	8	61
Cash payments for purchase of intangible asset	(518)	(502)
Interest income received	39	47
Net cash used in investing activities	(94,944)	(55,723)
Cash flows from financing activities		
Increase (decrease) in short-term loan from financial institutions	30,740	(14,161)
Cash receipts from long-term loans from financial institution	75,000	67,600
Cash payments for long-term loans from financial institution	(15,203)	(8,608)
Cash payments for repayment of lease liabilities	(9,196)	(2,479)
Cash receipts from increase in share capital	60,000	45,000
Dividend paid	(124,824)	(82,400)
Interest expense paid	(7,514)	(4,322)
Net cash provided by financing activities	9,003	630
Net increase in cash and cash equivalents	1,543	2,349
Cash and cash equivalents - beginning of period	4,900	9,981
Cash and cash equivalents - ending of period	6,443	12,330

Notes to the interim financial statements form an integral part of these interim financial statements.

SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)  
STATEMENTS OF CASH FLOWS (CONT.)  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

	Thousand Baht	
	2020	2019
		(Reclassified)
		(Note 25)
Supplement disclosure for cash flows information:		
1. Reconciliation of cash paid for purchase of property, plant and equipment		
Purchase of property, plant and equipment for the period	(90,356)	(54,067)
(Increase) decrease in advance payments for purchase of assets	(4,101)	(1,340)
Increase (decrease) in payable from acquisition of assets	-	-
Cash payments for purchase of property, plant and equipment	<u>(94,457)</u>	<u>(55,407)</u>
2. During the period the Company acquired fixed assets by means of		
Liabilities under lease agreements	<u>1,477</u>	<u>2,797</u>
3. Reconciliation of dividend paid		
Dividend for the period	(147,000)	(82,400)
Increase (decrease) in accrued dividend	<u>22,176</u>	-
Dividend paid	<u>(124,824)</u>	<u>(82,400)</u>

Notes to the interim financial statements form an integral part of these interim financial statements.

**SHRINKFLEX THAILAND PUBLIC COMPANY LIMITED  
(FORMERLY, SHRINKFLEX THAILAND COMPANY LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

**1. GENERAL INFORMATION**

**1.1 Legal status and address of the Company**

The Company had registered to be a limited company with the Ministry of Commerce on September 20, 2007. According to the Extraordinary Shareholders' Meeting No. 1/2020 held on May 30, 2020, the shareholders had a resolution to change the Company's status to a public limited company. The change of Company's status to be the public company limited was registered with the Ministry of Commerce on September 1, 2020.

The address of its registered office is as follows:

Head office is located at 68/2-5 Moo 5, Tambon Bang Samak, Bangpakong, Chachoengsao 24130 Thailand.

Branch offices is located at 89 Moo 12, Bangpakong, Bangpakong, Chachoengsao.

**1.2 Nature of the Company's operations**

The principal activities of the Company are to manufacture and distribution of shrink sleeve labels.

**1.3 Major shareholders**

The Company's major shareholders were the Toy family which owns the common shares at 65.00% of the total common shares of the Company.

**2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2019.

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the financial statements in Thai language version.

## 2.2 Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

### **Financial reporting standards related to financial instruments:**

A set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective is cancelled.

The Company has adopted TFRS related to financial instruments the first-time in its financial statements by applying modified retrospective approach of adoption of which the cumulative effect as an adjustment to the retained earnings as at January 1, 2020 and the comparative information was not restated. The cumulative effect of the change is described in Note 4 to the interim financial statements.

### **TFRS 16 Leases**

These TFRSs supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

As at January 1, 2020, the Company had adopted TFRS 16, which the Company recognized the cumulative effects of the initial application of this financial reporting standard without restated the previous year's financial statements presented for comparative. However, the Company had chosen to comply with this financial reporting standard with the lease that was previously classified as operating lease by recognizing the liabilities under the lease as at January 1, 2020 with the present value of the remaining lease payment and discounted by the interest rate of the additional borrowing of the Company as at the initial application date. It was recognized the contractual use rights in the amount of liabilities under lease agreements adjusted by the amount of the prepaid or accrued lease payments which were related to the lease agreement recognized in the statement of financial position before the date of application of this financial reporting standard.

The effect of the change in accounting policy is stated in Note 4 to the interim financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the interim financial statements are the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2019, except for the change in accounting policies according to the Company have adopted TFRS 9, Financial Instruments and group of financial reporting standards relate to financial instruments and TFRS 16 Leases which are effective on 1 January 2020, as follows:

#### 3.1 Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade and other receivables are stated at the amount expected to be collectible, The Company apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss within administrative expenses.

### 3.2 Financial assets and financial liabilities

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

#### (1) Classification and measurement of financial assets

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortized cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss or through other comprehensive income.

Financial liabilities are classified and measured at amortized cost.

Derivatives are classified and measured at fair value through profit or loss.

#### (2) Impairment of financial assets

The Company recognized an allowance for expected credit losses on its financial assets measured at amortized cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

### 3.3 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument in hedge accounting, and if so, the nature of the item being hedged. The Company designate certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or unrecognized firm commitments (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

Derivatives that is not applied hedge accounting is classified as an asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains (losses).

### 3.4 Leases

At inception of a contract, the Company assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **Right-of-use assets-as a lessee**

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

#### **Lease liabilities**

At the commencement date of the lease, lease liabilities are measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

#### **Short-term leases and leases of low-value assets**

Leased that have a lease term of 12 months or less from the commencement date and not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

#### 4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 2.2 to the interim financial statements, during the current year, the Company have adopted TFRS related of financial instruments and TFRS 16 using the modified retrospective method of adoption. The cumulative effect of the changes in accounting policies due to the adoption of above financial reporting standard, are summarized as follows:

	Thousand Baht			
	As at December 31, 2019 (Reclassified) (Note 25)	Impact of TFRS related of financial instruments	Impact of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
Current assets				
Trade and other current receivables	101,206	(363)	-	100,843
Derivative assets	-	41	-	41
Non-current assets				
Other long-term investment	1,200	(1,200)	-	-
Property, plant and equipment	172,553	-	(12,046)	160,507
Right-of-use assets	-	-	83,386	83,386
Deferred tax assets	3,186	65	-	3,251
Non-current non-cash financial asset				
pledged as collateral	-	1,200	-	1,200
Current liabilities				
Trade and other current payables	77,911	(192)	-	77,719
Current portion of lease liabilities	3,791	-	8,278	12,069
Derivative liabilities	-	192	-	192
Non-current liabilities				
Lease liabilities	4,298	-	63,062	67,360
Unappropriated retained earnings	123,143	(257)	-	122,886



#### 4.1 Financial instruments

The total impact on the retained earnings as at January 1, 2020 is as follows:

	Thousand Baht
Unappropriated retained earnings as at December 31, 2019	123,143
Increase in loss allowance for trade and other current receivables	(257)
Adjustment to unappropriated retained earnings from adoption of TFRS 9 on January 1, 2020	(257)
Unappropriated retained earnings as at January 1, 2020 - TFRS 9	122,886

#### Classification and measurement

On January 1, 2020 (the date of initial application), the Company’s management has assessed which business models applied to the financial assets and liabilities held by the Company and has classified the financial assets and liabilities as follows:

	Thousand Baht		
	Fair value - Derivatives	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	4,900	4,900
Trade and other current receivables	-	100,843	100,843
Derivative assets	41	-	41
Other current assets	-	426	426
Fixed deposit used for pledge	-	3,007	3,007
Non-current non-cash financial asset pledged as collateral	-	1,200	1,200
Other non-current assets	-	174	174
	41	110,550	110,591
Financial liabilities as at January 1, 2020			
Short-term loans from financial institutions	-	41,043	41,043
Trade and other current payables	-	77,719	77,719
Long-term loans from financial institutions	-	66,126	66,126
Lease liabilities	-	79,429	79,429
Derivative liabilities	192	-	192
	192	264,317	264,509

### Derivatives and hedging activities

Derivatives and hedging activities the Company have the following derivative instruments:

	Thousand Baht	
	As at September 30, 2020	As at January 1, 2020
<u>Current assets</u>		
Foreign currency forwards	853	41
Total current derivative assets	<u>853</u>	<u>41</u>
<u>Current liabilities</u>		
Foreign currency forwards	-	192
Total current derivative liabilities	<u>-</u>	<u>192</u>

### Impairment of financial assets

The Company have trade receivables that are subject to the expected credit loss model.

#### Trade receivables

The Company apply the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced and the impact of potential factor to the expected loss rates. On that basis, the loss allowance for trade receivables was as follows:

	Thousand Baht					
	Not Over 1 month	1 - 2 months	2 - 3 months	3 - 6 months	Over 6 months	Total
As at January 1, 2020						
Gross carrying amount	90,812	2,814	3,313	280	1,595	98,814
Loss allowance	25	19	120	23	1,595	1,782

The loss allowance for trade receivables as at December 31, 2019 is reconciled to the opening loss allowance for trade receivables as at January 1, 2020 as follow:

	Thousand Baht
<u>Loss allowance for trade receivables</u>	
As at December 31, 2019	1,460
Amounts restated through opening unappropriated retained earnings	<u>322</u>
Opening loss allowance as at January 1, 2020	<u>1,782</u>

#### 4.2 Leases

Upon initial application of TFRS 16 the Company recognized lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company recognized the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	<u>Thousand Baht</u>
Operating lease commitments disclosed as at December 31, 2019	61,500
<u>Add:</u> Purchase or extension options reasonably certain to be exercised	34,120
<u>Less:</u> Contracts reassessed as service agreements	<u>(2,836)</u>
	92,784
<u>Less:</u> Deferred interest expenses	<u>(21,444)</u>
Additional lease liabilities from TFRS 16 adoption	71,340
Finance lease liabilities as at December 31, 2019	<u>8,089</u>
Lease liabilities recognised as at January 1, 2020	<u><u>79,429</u></u>
Of which are:	
Current lease liabilities	12,069
Non-current lease liabilities	<u>67,360</u>
	<u><u>79,429</u></u>

The recognized right-of-use assets relate to the following types of assets:

	<u>Thousand Baht</u>
As at January 1, 2020	-
Land and building	71,340
Vehicles	<u>12,046</u>
Total right-of-use assets	<u><u>83,386</u></u>

#### 5. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

5.1 The nature of relationship with related parties were summarized as follows:

Related parties	Relationship
<u>Related companies</u>	
Shrinkpack Philippines Corporation	Common shareholders and the Company’s shareholder are director (Since February 12, 2020, there are no common shareholders and shareholder being director)
Standard Recycle Company Limited	Common shareholders and directors
Manee Udomsuk Company Limited	Common shareholders and the Company’s shareholder are director
Sri Rung Ruang Plastic Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
TPF Construction & Warehouse Company Limited (Formerly, Thai Poly Film Company Limited)	Persons close to the group of shareholders and directors be shareholders and directors
Standard Polymer Company Limited	Common shareholders and directors
Cheong Ming Enterprises (Thailand) Company Limited	Common shareholders and directors
Manee Mongkol Import-Export Company Limited	Persons close to the group of shareholders and directors be shareholders and directors
<u>Related persons</u>	
Director and key management personnel	Persons having authority and responsibility for management
Other related person	Persons close to shareholders and directors (Effective since September 26, 2020)

5.2 The Company has pricing policy for transactions with related parties as follows:

Transactions	Pricing policies
Sales of goods	Agreed price
Purchase of goods	Agreed price
Purchase of asset	Agreed price
Building rental fee	Agreed price
Commission	According to the agreement approved by the directors
Other expense	Agreed price
Interest expense	Loan, at the rate MRR+0.50% per annum Lease liabilities, at the rate MLR-0.50% per annum
Compensation to director and management	According to be approved by director and shareholders

5.3 Balances with related parties as at September 30, 2020 and December 31, 2019 were as follows:

	Thousand Baht	
	As at September	As at December
	30, 2020	31, 2019
<u>Liability</u>		
Trade and other current payables		
Related company	913	821
Commission	426	-
Lease liabilities		
Related company	65,132	-

5.4 Significant transactions with related parties for the three-month and nine-month periods ended September 30, 2020 and 2019 were as follows:

	Thousand Baht			
	For the three-month period		For the nine-month period	
	ended September 30		ended September 30	
	2020	2019	2020	2019
Related companies				
Purchase of asset	71,840	-	71,840	-
Sales of goods	-	-	-	5,566
Purchases of goods	4	14	10	25
Building rental fee	-	2,515	-	7,180
Commission expense	252	-	252	-
Other expense	423	466	1,204	1,026
Interest expense	981	-	2,943	-
Related person				
Sales of goods	-	-	-	2
Key management personnel				
Compensation to director and key management personnel				
Short-term benefit	4,095	2,981	12,272	10,444
Post-employment benefits	62	25	185	75
	<u>4,157</u>	<u>3,006</u>	<u>12,457</u>	<u>10,519</u>

According to the Board of Directors Meeting No. 6/2019, held on November 11, 2019, the Board of Directors had resolution to approve the purchase of land from Manee Mongkol Import-Export Company Limited, a related party, at a price of Baht 71.84 million, which is in accordance with the appraised value of the independent appraiser. The cost of ownership transfer is responsible by both parties. Later, on February 14, 2020, the company entered into the land to buy / to sell agreement and signed jointly with such company and the Company has registered the land ownership transfer with the Department of Lands on August 28, 2020.

#### 5.5 Significant agreements with related parties

##### Land and building lease agreement

The Company entered into an office building lease agreement with Sri Rung Ruang Plastic Company Limited. The agreement has a period of 3 years from February 1, 2019. It can renew the agreement upon the expiry of the agreement by both parties to agree on term and condition as agreed in the agreement.

Later, on December 30, 2019, the Company entered into a land and buildings agreement with Sri Rung Ruang Plastic Company Limited, in which both parties agreed to cancel the building lease agreement dated February 1, 2019 and to use this new lease agreement instead. The new agreement has a period of 10 years from January 1, 2020 to December 31, 2029. It can renew the agreement upon the expiry of the agreement by both parties to agree on term and condition as agreed in the agreement.

The Company entered into 2 factory area lease agreements with TPF Construction and Warehouse Company Limited. The agreements have a period of 3 years from January 1, 2019 and September 1, 2019. It can renew the agreement upon the expiry of the agreement by both parties to agree on term and condition as agreed in the agreement.

## 6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
Trade receivables	122,410	97,354
Other current receivables	7,322	3,852
Total	<u>129,732</u>	<u>101,206</u>

Trade receivables consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
Trade receivables	119,263	93,811
Post date cheque	5,159	5,003
Total	124,422	98,814
<u>Less</u> Allowance for doubtful accounts	(2,012)	(1,460)
Net	122,410	97,354

Trade receivables classified by ages of accounts consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
Within credit term	73,378	55,315
Overdue:		
Less than 3 months	43,771	37,892
3 - 6 months	238	280
6 - 12 months	541	156
Over 12 months	1,335	168
Total	119,263	93,811

Other current receivables consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
Prepaid expense	6,555	3,014
Deposit	627	373
Advance payment	-	364
Others	140	101
Total	7,322	3,852

## 7. INVENTORIES

Inventories consisted of:

	Thousand Baht	
	As at September	As at December
	30, 2020	31, 2019
Finished goods	26,799	34,875
Work in process	5,672	3,740
Raw materials	85,075	90,206
Supplies	1,007	1,331
Goods in transit	6,210	6,071
Total	124,763	136,223
<u>Less</u> Allowance for declining in value of inventories	(9,293)	(12,064)
Net	115,470	124,159

## 8. FIXED DEPOSIT USED FOR PLEDGE

As at September 30, 2020 and December 31, 2019, the Company had fixed deposit in the amount of Baht 3.00 million with interest at the rate of 0.25% per annum and 1.00% per annum, respectively, as collateral for guarantee of credit facilities with a bank (Note 14).

## 9. NON-CURRENT NON-CASH FINANCIAL ASSET PLEDGED AS COLLATERAL

Non-current non-cash financial asset pledged as collateral consisted of:

	Thousand Baht	
	As at September	As at December
	30, 2020	31, 2019
Investments in debt security:		
Government bond for debt restructuring 2010, No.1 with		
6 years, interest at the rate of 3.625% per annum and		
maturity date on June 16, 2023	1,200	1,200
Total	1,200	1,200

As at September 30, 2020 and December 31, 2019, the Company has used such bonds as collateral in the electricity usage agreement with the Provincial Electricity Authority (Note 24.5).



# 10. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the nine-month period ended September 30, 2020 were summarized as follows:

	<u>Thousand Baht</u>
<b>At cost</b>	
Balance as at December 31, 2019	342,306
Effects of the adoption of TFRS16 as at January 1, 2020	<u>(20,143)</u>
As at January 1, 2020	322,163
Acquisitions during the period	89,987
Disposals and write-off during the period	<u>(230)</u>
Balance as at September 30, 2020	<u>411,920</u>
<b>Accumulated depreciation</b>	
Balance as at December 31, 2019	(169,753)
Effects of the adoption of TFRS16 as at January 1, 2020	<u>8,097</u>
As at January 1, 2020	(161,656)
Depreciation for the period	(23,685)
Accumulated depreciation on disposals and write-off	<u>211</u>
Balance as at September 30, 2020	<u>(185,130)</u>
<b>Net book value</b>	
Balance as at December 31, 2019	<u>172,553</u>
Balance as at January 1, 2020	<u>160,507</u>
Balance as at September 30, 2020	<u>226,790</u>

As at September 30, 2020 and December 31, 2019, the Company had assets which were fully depreciated but they are still in use with gross carrying amount of Baht 77.23 million and Baht 61.51 million, respectively.

As at September 30, 2020, land and building and machine with its cost of Baht 294.31 million and as at December 31, 2019, machine with its cost of Baht 222.47 million, were pledged to as collateral for credit facilities from two financial institutions (Note 14 and 16).

As at September 30, 2020 and December 31, 2019, the Company entered into asset insurance for machine. The beneficiary of these insured assets is the financial institution to secure for the loan.

# 11. RIGHT-OF-USE ASSETS

The net book value of right-of-use assets related to land and building and vehicle lease contracts and the movement for the nine-month period ended September 30, 2020 are presented below.

	Thousand Baht		
	Land and building	Vehicle	Total
<b>Cost</b>			
As at December 31, 2019	-	-	-
Effects of the adoption of TFRS16 as at January 1, 2020	71,340	20,143	91,483
As at January 1, 2020	71,340	20,143	91,483
Addition	-	1,846	1,846
Written-off	-	-	-
As at September 30, 2020	71,340	21,989	93,329
<b>Accumulated depreciation</b>			
As at December 31, 2019	-	-	-
Effects of the adoption of TFRS16 as at January 1, 2020	-	(8,097)	(8,097)
As at January 1, 2020	-	(8,097)	(8,097)
Depreciation for the period	(7,357)	(2,275)	(9,632)
Depreciation - written-off	-	-	-
As at September 30, 2020	(7,357)	(10,372)	(17,729)
<b>Net book value</b>			
As at December 31, 2019	-	-	-
As at January 1, 2020	71,340	12,046	83,386
As at September 30, 2020	63,983	11,617	75,600

## 12. INTANGIBLE ASSETS

Movements of the intangible assets for the nine-month period ended September 30, 2020 were summarized as follows:

	Thousand Baht
<b>At cost</b>	
Balance as at December 31, 2019	6,751
Acquisitions during the period	518
Disposals and write-off during the period	-
Balance as at September 30, 2020	<u>7,269</u>
<b>Accumulated amortization</b>	
Balance as at December 31, 2019	(1,804)
Amortization for the period	(515)
Accumulated amortization on disposals and write-off	-
Balance as at September 30, 2020	<u>(2,319)</u>
<b>Net book value</b>	
Balance as at December 31, 2019	<u>4,947</u>
Balance as at September 30, 2020	<u>4,950</u>

As at September 30, 2020 and December 31, 2019, the Company had intangible assets which were fully depreciated but they are still in use with gross carrying amount of Baht 0.02 million and Baht 0.02 million, respectively.

## 13. DEFERRED MOLDS

Deferred molds consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
At cost	10,208	15,419
Accumulated amortization	<u>(4,109)</u>	<u>(5,957)</u>
Net book value	<u>6,099</u>	<u>9,462</u>

The Company amortized the deferred molds according to the productive method.

As at September 30, 2020 and December 31, 2019, the Company had deferred molds which were fully amortized but they are still in use with gross carrying amount of Baht 0.94 million and Baht 1.24 million, respectively.

14. SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

Short-term loan from financial institution consisted of:

	Thousand Baht	
	As at September	As at December
	30, 2020	31, 2019
Trust receipts	42,399	34,043
Promissory note	30,000	7,000
Total	72,399	41,043

The Company had credit facilities with two local commercial banks, as follows:

Types of credit limit	Interest rate (% per annum)	Million Baht	
		As at September	As at December
		30, 2020	31, 2019
(1) Bank overdrafts	MOR	12.00	12.00
(2) Letter of credit/trust receipt	Libor + 2.50, MLR - 0.75	110.00	80.00
(3) Promissory note	MLR - 0.75	30.00	30.00
(4) Forward foreign exchange contracts	-	112.00	112.00
(5) Long-term loan (Note 16)	MLR - 0.50, 2.00	142.60	113.60
Total		406.60	347.60

As at September 30, 2020 and December 31, 2019, the credit limit is guaranteed by the fixed deposit with a bank for 3.00 million (Note 8) and guaranteed by the mortgage of land and building and machine under ownership of company (Note 10) and guaranteed by director of company.

15. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019 (Reclassified) (Note 25)
Trade account payables	48,665	50,366
Other current payables	49,545	27,545
Total	98,210	77,911

Other current payables consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019 (Reclassified) (Note 25)
Accrued expenses	17,243	16,798
Unearned income	626	232
Payable from acquisition of assets	242	4,343
Account payable - Revenue Department	6,106	2,776
Accrued dividend	22,176	-
Others	3,152	3,396
Total	49,545	27,545

16. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Long-term loans from financial institutions consisted of:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
Long-term loans from financial institutions	125,923	66,126
<u>Less</u> current portion	(32,911)	(18,096)
Long-term loans from financial institutions, net	93,012	48,030

No.	Year	Credit limit (Million Baht)		Withdrawn (Million Baht)		Interest rate (% per annum)	Monthly repayment schedule of principal and interest	Outstanding principal (Thousand Baht)	
		2020	2019	2020	2019			As at September 30, 2020	As at December 31, 2019
1	2014	-	32.00	-	31.89	MLR-0.50	Installments in monthly of Baht 540,000. Within 66 months from the first withdrawn loan	-	2,730
2	2015	-	14.00	-	13.29	MLR-0.50	Installments in monthly of Baht 292,000. Within 48 months from the first withdrawn loan	-	276
3	2019	47.50	47.50	47.50	47.50	MLR-0.50	Installments in monthly of Baht 880,000. Within 66 months from the first withdrawn loan	36,060	43,980
4	2019	12.50	12.50	12.50	12.50	MLR-0.50	Installments in monthly of Baht 240,000. Within 48 months from the first withdrawn loan	9,380	11,540
5	2019	7.60	7.60	7.60	7.60	MLR-0.50	Installments in monthly of Baht 150,000 Within 48 months from the first withdrawn loan	6,400	7,600
6	2020	20.00	-	20.00	-	2	12 equal installments (or approximately Baht 1,666,666.67) starting the first period at the end of 13 months from the loan withdrawn and within 24 months.	20,000	-
7	2020	55.00	-	55.00	-	MLR-0.50	Installments in monthly of Baht 917,000 Within 60 months from the first withdrawn loan	54,083	-
Total		142.60	113.60	142.60	112.78			125,923	66,126

As at September 30, 2020 and December 31, 2019, the Company has credit facilities of long-term loan with a local commercial bank. The loans is guaranteed by the mortgage of machine under ownership of company (Note 10) and guaranteed by director of company and related person.

Under the term of the loan agreements, the Company has to comply with the certain conditions and restrictions as specified in the agreements, which requires the Toy family to maintain a direct and indirect shareholding in the company combined not less than 50 percent of the total paid-up capital. In addition, the Company has to maintain the debt to equity ratio at the rate not over 2.00 : 1 by counting the loans of directors as equity.

Subsequently, on September 25, 2020, the Company released of the guarantee obligation of the Company's directors and related persons to secure the repayment of the Company's debts. However, the company must comply with the following conditions as follow:

1. Maintain the proportion of interest-bearing debt to profit before interest, tax, depreciation and amortization (Interest Bearing Debt to EBITDA) of not more than 2.5 times.
2. Maintain a Debt Service Coverage Ratio (DSCR) of not less than 1.2 times (DSCR means profit before deducting tax expense, depreciation and amortization divide by the total amount of interest paid. Interest-bearing short-term debt and long-term interest-bearing debts due within 1 year.

3. Maintain the debt to equity ratio (Debt to Equity Ratio) of not more than 2 times without taking the liability under the operating lease of land and buildings which is based on the second quarter of 2020 interim financial information is calculated as liabilities.
4. Carried out for the Tsoi family and the Piyatrueng family to maintain shareholding in the company altogether not less than 40% of the total issued and paid-up capital. (Originally required the Tsoi family to maintain direct and indirect shareholding in the company not less than 50% of the total paid-up capital).

#### 17. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the nine-month period ended September 30, 2020 are presented below.

	Thousand Baht
As at December 31, 2019	8,089
Effects of the adoption of TFRS16	71,340
As at January 1, 2020	79,429
Addition	1,477
Accretion of interest	3,270
Accretion of purchase vat	129
Payments	(12,595)
Decrease from contract cancellation	-
As at September 30, 2020	71,710
Less: current portion	(11,904)
Lease liabilities - net of current portion	59,806

The following are the amounts recognized in profit or loss:

	Thousand Baht
Depreciation of right-of-use assets	9,632
Interest expense on lease liabilities	3,270
Total	12,902

The Company had total cash outflows for leases of Baht 12.60 million and also had non-cash additions to right-of-use assets and lease liabilities of Baht 1.48 million.

## 18. SHARE CAPITAL

According to the resolution of the Extraordinary Shareholders’ Meeting No.1/2020 held on May 30, 2020, the shareholders had the resolution on the following significant matters.

- 18.1 Approve the change of par value to be in line with the company conversion from a limited company to a public company by changing the par value from Baht 10 per share to Baht 0.50 per share resulting in an increase of the Company’s ordinary shares from 10 million shares to 200 million shares.
- 18.2 Approve the registered capital increase for Baht 120 million from formerly Baht 100 million to the registered capital Baht 220 million by issuing ordinary shares capital increase 240 million shares at the par value of Baht 0.50 per share.
- 18.3 Approve the allocation of ordinary shares capital increase as approved at the meeting to increase the registered capital of the Company 240 million shares at the par value of Baht 0.50 per share. The details are as follows:
  - (1) Allocate ordinary share capital increase of 120 million shares at the par value of Baht 0.50 per share for the existing shareholders in proportion to their shareholding (Rights Offering).
  - (2) Allocate ordinary share capital increase of 108 million shares at the par value of Baht 0.50 per share for Initial Public Offering.
  - (3) Allocate the ordinary share capital increase 12 million shares at the par value of Baht 0.50 per share for offering to the directors, managements and/or employees at the same price as with the public offering. Any leftover ordinary share capital increase from the allocation to director, management and/or employees, then allocate the remaining ordinary shares by the Initial Public Offering.

The Company has registered to change the share value and capital increase with the Ministry of Commerce on June 1, 2020.

As at September 30, 2020, the Company has 440 million registered ordinary shares at the par value of Baht 0.50 per share, representing to Baht 220.00 million of registered capital, with fully paid-up 320 million ordinary shares at the par value of Baht 0.50 per share, representing to the issued and paid-up share capital of Baht 160.00 million.

The details of share capital are as follows:

	Registered capital		Issued and paid-up capital	
	share	Baht	share	Baht
As at January 1, 2020	10,000,000	100,000,000.00	10,000,000	100,000,000.00
Balance before change the par value				
of ordinary shares	200,000,000	100,000,000.00	200,000,000	100,000,000.00
Increase in registered capital	240,000,000	120,000,000.00	120,000,000	60,000,000.00
As at September 30, 2020	440,000,000	220,000,000.00	320,000,000	160,000,000.00

- 18.4 Approve listing the ordinary shares as registered securities on Market Alternative Investment (mai).



According to the Board of Directors’ Meeting of the Company No. 2/2020, held on August 7, 2020, board of directors had a determination of the number of capital increase ordinary shares allocated to the benefactors of the Company and directors, managements and/or employees. To allocate a portion of the capital increase ordinary shares under the amount that will be allocated for the initial public offering as mentioned in No. 18.3 (2) at the amount not over 18 million shares by offering to the benefactors of the Company at the same price as the price offered to the initial public offering.

#### 19. APPROPRIATION OF RETAINED EARNING

According to the Annual General Meeting of Shareholders for the year 2020, held on April 30, 2020, the shareholders of the company had resolution to approve the payment of dividends for the year 2019 from the cumulative operating results from the beginning of operations until December 31, 2019 to the Company’s shareholders at the rate of Baht 6.70 per share in the amount of Baht 67.00 million by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of December 31, 2019, to be entitled to receive dividend. The Company paid dividends to shareholders within 1 month from the date of the general meeting of shareholders and approved the appropriation of profit as a legal reserve in the amount of Baht 3.53 million.

According to the Board of Directors Meeting No.1/2020, held on June 2, 2020, the Board of Directors had resolution to approve the payment of interim dividends from the cumulative operating results from the beginning of operations until March 31, 2020 to the Company’s shareholders at the rate of Baht 0.14 per share in the amount of Baht 44.80 million by paying dividends in cash to shareholders whose names appear in the shareholder registration book as of June 8, 2020, to be entitled to receive dividend. The Company paid dividends to shareholders within July 1, 2020 and approved the appropriation of profit as a legal reserve in the amount of Baht 2.36 million.

According to the Board of Directors’ Meeting No. 2/2020, held on August 7, 2020, the Board of Directors had resolution to approve the payment of interim dividends from the cumulative performance from the starting operation to June 30, 2020, at Baht 0.11 per share to the Company’s shareholders in the amount of Baht 35.20 million in cash to the shareholders whose names appear in the shareholder register book as at August 7, 2020 who are entitled to receive the dividend. The Company will pay the dividend to the shareholders by September 4, 2020 and appropriate profits as legal reserve in the amount of Baht 1.85 million.

For the nine-month period ended September 30, 2020 the Company paid the dividend in the total amount of Baht 147.00 million and appropriated of profits as a legal reserve in the total amount of Baht 7.74 million.

## 20. OPERATING SEGMENT

The Company operates in a single line of business, namely the Shrink Films or Sleeve Labels business, which major products separated to shrink-fitting labels and molds for printing labels which are related to the production of shrink-fitting labels. Their operations are carried on only in Thailand. Both products have similar group of customers therefore, the management considers that the Company operates in one major business segment.

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

### Information about geographical areas

The Company's revenue from sales separated by geographical area for the three-month and nine-month periods ended September 30, 2020 and 2019, were summarized as follows:

	Thousand Baht			
	For the three-month period ended		For the nine-month period ended	
	September 30		September 30	
	2020	2019	2020	2019
Domestic	166,458	146,866	494,295	435,918
Export	28	-	135	5,566
Total	<u>166,486</u>	<u>146,866</u>	<u>494,430</u>	<u>441,484</u>

## 21. INCOME TAX EXPENSE

Major components of income tax expense for the three-month and nine-month periods ended September 30, 2020 and 2019 consisted of:

	Thousand Baht			
	For the three-month period		For the nine-month period	
	ended September 30		ended September 30	
	2020	2019	2020	2019
Income tax expense shown in profit or loss:				
Current tax expense:				
Income tax expense for the period	3,057	3,503	13,158	12,698
Deferred tax expense (tax income):				
Changes in temporary differences relating to				
the original recognition and reversal	<u>1,498</u>	<u>46</u>	<u>972</u>	<u>(1,060)</u>
Total	<u>4,555</u>	<u>3,549</u>	<u>14,130</u>	<u>11,638</u>

Tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective tax rate of the Company in respect of continuing operations for the nine-month period ended September 30, 2020 were 19.98% (September 30, 2019: 20.05%). These changes in effective tax rate were caused by the different treatment for accounting and taxation purposes of certain items of expense and the carry forward of unused tax losses in the financial statements.

## 22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares which are issued and paid-up during the period after adjusting the number of ordinary shares to reflect the effect of change to the par value as described in the interim financial statements No. 18.1 and basic earnings per share of the previous period was recalculated as if the change in the par value has occurred since the beginning of the first period which the report is presented.

For the three-months and nine-months periods ended September 30, 2020 and 2019

		For the three-month period ended September 30		For the nine-month period ended September 30	
		2020	2019 (Restated)	2020	2019 (Restated)
Profit for the period	(Thousand Baht)	21,634	14,268	56,599	46,415
Weighted average number of ordinary shares	(Thousand shares)	320,000	200,000	251,679	183,187
Basic earnings per share	(Baht per share)	0.07	0.07	0.22	0.25

## 23. FINANCIAL INSTRUMENTS

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

### Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

As at September 30, 2020, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

Asset	Carrying amount	Fair Value (Thousand Baht)			
		Level 1	Level 2	Level 3	Total
Forward foreign exchange contracts	-	-	853	-	853

As at December 31, 2019, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

	Carrying	Fair Value (Thousand Baht)			
	amount	Level 1	Level 2	Level 3	Total
<b>Asset</b>					
Forward foreign exchange contracts	-	-	41	-	41
<b>Liability</b>					
Forward foreign exchange contracts	-	-	192	-	192

During the period, there were no change in the classification of financial assets.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

### 24.1 Commitments relating to lease and service agreements commitments

As at September 30, 2020 and December 31, 2019, the Company had commitments on lease and service agreements were as follows:

	Thousand Baht	
	As at September 30, 2020	As at December 31, 2019
Not later than one year	1,137	23,437
Later than one year and not later than five years	331	35,343
Later than five years	-	2,720
Total	1,468	61,500

As at September 30, 2020, the Company had no obligations under lease agreements as a result of the adoption of the TFRS 16 as at January 1, 2020. The Company recognized the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted incremental borrowing rate, as described in Note 4.2 to the interim financial statements.

24.2 Commitments relating to forward foreign exchange contracts

As at September 30, 2020, the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 2.42 million (equal to Baht 76.08 million) with maturity date in January 2021.

As at December 31, 2019, the Company had forward exchange contracts with financial institutions totaling U.S. Dollars 3.00 million (equal to Baht 90.83 million) with maturity date in May 2020.

24.3 Commitments relating to outstanding letters of credit

As at September 30, 2020 and December 31, 2019, the Company had commitments for the outstanding letters of credit amounting equivalent to U.S. Dollars 0.83 million (equal to Baht 26.33 million) and U.S. Dollars 0.54 million (equal to Baht 16.39 million), respectively.

24.4 Commitment relating to purchase of raw material agreements

As at September 30, 2020 and December 31, 2019, The Company entered into memorandum and agreements to purchase raw materials from several unrelated companies, at prices and per conditions as stipulated in the memorandum and agreements. The terms of the memorandum and agreements are between 4 and 6 months. The Company has an outstanding commitment under the agreement amounted U.S. Dollars 2.41 million (equal to Baht 76.56 million) and U.S. Dollars 2.03 million (equal to Baht 61.49 million), respectively.

24.5 Contingent liabilities relating to electricity usage agreement

As at September 30, 2020 and December 31, 2019, the Company had contingent liabilities in respect of electricity usage agreements with the Provincial Electricity Authority in the amount of Baht 1.40 million and Baht 1.02 million, respectively.

25. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements of year 2019 to conform to the classifications used in the financial statements of years 2020 as follows:

- Statements of financial position

	Thousand Baht		
	As at December 31, 2019		
	As previously reported	Increase (decrease)	As reclassified
Current tax assets	-	71	71
Other current assets	497	(71)	426
Trade and other current payable	74,650	3,261	77,911
Other current liabilities	3,261	(3,261)	-

● Statements of cash flows

	Thousand Baht		
	For the nine-month period ended September 30, 2019		
	As previously reported	Increase (decrease)	As reclassified
Cash flows from operating activities			
(Increase) decrease in operating assets			
Trade and other current payable	14,705	1,743	16,448
Other current liabilities	1,743	(1,743)	-

26. EVENTS AFTER THE REPORTING PERIOD

On October 26, 2020, the Company received an additional paid-up share capital for 120 million ordinary shares with a par value of Baht 0.50 per share from an initial public offering (“IPO”) at IPO price of Baht 3.80 per share, totaling Baht 456.00 million. The Company’s shares are traded in the Market Alternative Investment (mai) commencing October 29, 2020.

27. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company’s board of directors on November 13, 2020.